

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Brooklyn Cooperative Federal Credit Union

Point of Contact:	Samira Rajan	RSSD: (For Bank Holding Companies)	2979212
UST Sequence Number:	1401	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	300,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	24642
Date Funded (first funding):	September 30, 2010	City:	Brooklyn
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The funds sent to Brooklyn Cooperative Federal Credit Union were used towards our net capital. As net capital grows, our assets can grow. And, because 80% of the credit union's assets are in loans to individuals and to businesses, we will be able to grow our lending.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Our major planned increase in lending will in small business lending. The credit union is one of the most experienced small business lenders in New York. Our average small business loan is less than \$20,000, meaning that we serve the very smallest enterprises, as well as start-up enterprises.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

The funds sent to Brooklyn Cooperative Federal Credit Union were used towards our net capital. This means we can grow our customer base, accept more deposits, and in turn make more loans.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Net capital is very scarce for a community development credit union. Few of our members (meaning, our depositors) can keep substantial funds on deposit, and few can afford high fees. As a result, most of our membership keeps less than \$1000 on hand, and most choose our no-fee savings account as their only account here. Our credit union is not able to earn profits on these members, and this means we cannot earn net income that can turn into net capital. Yet without net capital, we cannot grow our asset size. The receipt of CDCI funds allowed us to keep growing, to keep accepting new deposits, and to keep making new loans. Without the CDCI funds, we would have curtailed operations, slowed lending, and tried to keep our assets from exceeding the limits placed by existing net capital. Alternatively, we would have had to borrow net capital in the private market at a rate more than double the rate offered by Treasury. Paying extra for net capital helps the credit union stay on a path of growth, but it also eats into future net income, making further capital accumulation even more difficult.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.